

**SUBMISSION OF
PROPOSED ANNUAL BUDGET
TO THE
ROWAN COUNTY
BOARD OF COMMISSIONERS**



**Fiscal Year 2010-11
Fund 101 – General Fund**

Gary L. Page, County Manager

May 17, 2010

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I. EXECUTIVE SUMMARY

As the Manager and Budget Officer for Rowan County, I am respectfully presenting the proposed operating budget of the General Fund for the fiscal year to begin on July 1, 2010. In accordance with the North Carolina General Statutes, the proposed budget is presented in balanced form and is being made available for public inspection upon release to each of you as County Commissioners. I am available to meet with any Commissioner to discuss this proposed budget at your convenience. It is suggested that the Board review and discuss this budget at budget workshops to be held in June 2010.

The 2010-11 budget process began with individual discussions between the Manager, Commissioners and Department Directors concerning various goals and objectives for the new fiscal year. During the past three months, I've identified areas that could be privatized, reorganized and omitted as a means of saving money and streamlining services. These changes did not sacrifice the quality of life of our citizens, and continued our efforts in education, human service programs, public safety, recreation and cultural opportunities.

The Economy and Revenue Forecast for Fiscal Year 2010-11

All revenues associated with economic growth have continued to decline this past year, and economic analysts predict this trend will continue for another year. The economy is still being impacted by a "down" housing market, low consumer spending and "tightened" credit for borrowers. The weakened economy has had the following effect on Rowan County revenues:

- The County's estimated tax base for fiscal year 2010-11 has declined 0.4%, compared to an average growth of 3% in 2001, 2002 and 2003. In addition, the collection rate has fallen from 97% to 95% over the past three years.
- Sales tax collections have fallen over 10%, compared to three years ago.
- Interest on investments has fallen to 1%. In 2007 and 2008, interest income was approximately 5% of the investment portfolio.
- Building permits are estimated to generate a revenue of \$400,000, or \$600,000 less than collected in the 2007-08 budget.
- The new ¼ cent (Article 46) sales tax is budgeted to generate \$2 million in new revenue. These funds will be used to pay the debt on a new satellite jail and emergency services communication equipment.

With the projected decline in revenues, the County will need to appropriate \$8,982,749 from the General Fund reserves to balance the proposed budget for 2010-11. The proposed General Fund budget is \$127,076,535. This number includes \$2 million of new expenditures associated with the passage of the new ¼ cent sales tax and \$160,244 in expansion items. When you delete this \$2,160,244, the General Fund proposed continuation budget is \$922,487 less than the prior year's proposed budget.

The County Manager's Recommended Expansion Budget for Fiscal Year 2010-11

Attachment 1 provides the Board with detailed explanations of the recommendations for expanding services and programs for fiscal year 2010-11. The recommended tax rate for the proposed budget remains at 59.5 cents per \$100 of valuation.

Due to the economic conditions, I have recommended no cost-of-living adjustment to County employee salaries for fiscal year 2010-11. I am also not recommending any appropriation for the merit pay plan.

In January 2010, the Manager appointed an employee health insurance committee to review our current broker and plan. After a review of broker proposals, a new broker was selected to assist the County in bidding its' insurance plan. Interviews with four companies were held in May, with a proposal selected that will save the County \$350,000 in the new fiscal year. This savings is the result of bidding our plan after twelve years with the same provider and raising plan deductibles and employee family premiums. The health insurance plan recommended does not require premium increases for employees or reduced pharmacy and doctor visit benefits. Should the economy continue to decline, the County can revisit these benefits at a later date because our plan is self-funded.

Other recommendations in the Expansion Budget include:

- a. An increase in current expense funding of \$150,000 for Rowan-Cabarrus Community College has been recommended due to an increase in enrollment during the past 18 months. This is a budget increase of approximately 8%.
- b. An appropriation of \$103,000 has been recommended to upgrade the elevator in the County Administration building.

II. ESTIMATED AVAILABLE REVENUES FOR FISCAL YEAR 2010-11

It is projected that the estimated revenues the Board can expect to realize and collect from its various revenue sources, based on past collections and forecasting future availability for fiscal year 2010-11, will be \$118,093,786, which includes \$2 million in new money from Article 46 sales tax. For the current fiscal year (2009-10), \$118,477,795 in revenues was approved by the Board. Thus, continuing revenues have decreased by \$2,384,009.

1. Property Taxes: The County property tax base is estimated to decline by approximately 0.4% to \$11,782,307,248 in fiscal year 2010-11. Property tax collections are projected to decline by \$917,000 (inclusive of abatements and discounts) at a tax rate of 59.5 cents.
2. Local Option Sales Tax: State fiscal analysts project statewide retail sales in fiscal year 2010-11 to slightly increase. Fiscal year 2010-11 budgeted revenue for sales taxes, excluding Article 46, amounts to \$13,480,000, a decrease of \$1,270,000 when compared to the prior year. This decrease is the result of implementation of the final phase of the Medicaid relief swap.

As outlined in the North Carolina General Statutes, the local option one-half cent sales tax known as Article 40 (enacted in 1983) requires that 30% of the proceeds be restricted for public school capital outlay; also, the local option one-half cent sales tax known as Article 42 (enacted in 1988) restricts 60% of its proceeds for the same purpose. Staff estimates that these restricted revenues will provide \$3,744,000 for public school capital outlay. In accordance with the agreement with the Rowan-Salisbury Board of Education, a portion of the above referenced sales tax proceeds (\$2,270,000) will be allocated for the retirement of the principal amount of the 1993 general obligation bonds for school construction.

3. Investment Earnings: Due to the present economy, staff has estimated that investment revenue for fiscal year 2010-11 will total \$400,000, a decrease of \$400,000 from that budgeted in the current year. The County carries investments with maturities of up to three years.
4. Lottery Revenues: Current law directs 40% of lottery proceeds to be set aside for school construction. This amount is further divided into two allocations. The first allocation, available to all counties, sets aside 65% of the 40% based on the school districts' average daily membership. The second allocation sets aside the remaining 35% for those counties whose effective tax rates exceed the statewide average based on current year's data. \$2,600,000 in lottery proceeds is budgeted for fiscal year 2010-11.
5. Fund Balance Appropriation: The fund balance appropriation is \$8,982,749.

III. CONTINUATION EXPENDITURE BUDGET FOR FISCAL YEAR 2010-11

The objective of the Continuation Budget is to maintain a level of services comparable to previous years while restricting increases in expenditures to those areas where either mandated or contractual obligations occur. For example, an effort has been made to allow minimal increases to recognize increases in utilities, repairs and maintenance, postage and other essential operating costs. Also, adjustments have been allowed for the replacement of needed equipment and vehicles. It is staff's responsibility to carefully analyze, review and adjust all requests to provide for a minimal overall growth in our continuing operations.

The Board's original approved budget for fiscal year 2009-10 totaled \$125,838,778. For fiscal year 2010-11, the Continuation Budget amounts to \$126,916,291, which represents an increase of \$1,077,513, or 1.5%. The Continuation Budget includes the following major items:

1. Two million dollars, associated with the Article 46 sales tax, has been added to the Continuation Expenditure Budget. \$930,000 is shown as debt service for the new Satellite Jail. The remaining \$1,070,000 is appropriated as a general government reserve, to be reallocated when necessary for debt service related to the Communications Equipment Project.

ROWAN COUNTY**Fund 101 – General Fund****For the Fiscal Year 2010-11**

2. Seven positions have been recommended for elimination or a reduction in force from the General Fund. They include the following: one vehicle maintenance mechanic, one building inspector, four deputies and one environmental health specialist. These eliminated positions are the result of a recommendation to privatize vehicle maintenance, reorganize the Building Inspections Department and permanently cut positions that have been held vacant.

Additionally, two positions have been recommended for elimination or a reduction in force in the Airport Fund. The positions are mechanics who service private planes at the Airport.

3. One new position, Director of Building Inspections, has been recommended for our workforce. This position is needed as a result of the recommended department reorganization.
4. Nine part-time positions have been eliminated from the Library System budget. A full-time existing position will be transferred from the Facilities Management Department to the Library System to handle grounds and maintenance issues.
5. The County's self-insured employee health insurance program is budgeted at \$705 per month per employee. A premium decrease of 5%, or \$35 per month per employee, is recommended in the Expansion Budget, resulting in expenditure savings of \$350,000.
6. The replacement of motor vehicles was allowed for those eligible under the County's vehicle replacement policy. Those vehicles exceeding 125,000 miles and recommended for replacement are two EMS ambulances, 12 Sheriff vehicles and one Animal Control truck.
7. The appropriations contained in the Continuation Budget for public schools' current expense and capital outlay are made in accordance with the projected average daily membership (ADM) of each school unit. The State Department of Public Instruction provides these estimates. Counties are required by State Statute to appropriate county funds for current expense in accordance with this formula. Rowan County also follows this standard allocation formula for the appropriation of county funds for capital outlay. The estimated average daily membership percentages for school year 2010-11 are provided below:

<u>School System</u>	<u>FY 2007-08</u>		<u>FY 2008-09</u>		<u>FY 2009-10</u>		<u>FY 2010-11</u>	
	<u>Students</u>	<u>%</u>	<u>Students</u>	<u>%</u>	<u>Students</u>	<u>%</u>	<u>Students</u>	<u>%</u>
Rowan-Salisbury Schools	20,901	94.49	20,793	94.31	20,630	94.52	20,509	93.99
Kannapolis City Schools	1,144	5.17	1,178	5.34	1,117	5.12	1,237	5.67
Charter Schools	74	.34	77	.35	80	.36	74	.34
Totals	<u>22,119</u>	<u>100.00</u>	<u>22,048</u>	<u>100.00</u>	<u>21,827</u>	<u>100.00</u>	<u>21,820</u>	<u>100.00</u>

The Continuation Budget includes a decrease in funding for the public school systems. Rowan County enrollment is estimated to decrease by seven students. The Rowan-Salisbury Schools will see a reduction of \$189,365 in current expense, for a total appropriation of \$32,096,585. The Kannapolis City Schools will see an increase of \$187,800, resulting in a budget of \$1,935,905 for current expense. The average student appropriation will remain at \$1,565 for fiscal year 2010-11.

8. The appropriation made by the Board to Rowan-Cabarrus Community College for current expense and capital outlay has been continued at the same level as funded in fiscal year 2010-11. The College's requests for increases in County funding have been reflected in the proposed Expansion Budget.
9. The appropriation made by the Board to Piedmont Behavior Healthcare has been continued at the same amount as in fiscal year 2009-10. The Program did not request an increase in funding for fiscal year 2010-11.

IV. COUNTY MANAGER'S RECOMMENDED EXPANSION BUDGET FOR FISCAL YEAR 2010-11

It is the Manager's responsibility to recommend a proposed operating budget to the Board of County Commissioners. Importantly, the responsibility also includes advising the Board on statutory regulations dealing with fiscal accountability under State law. For the Board's review of the proposed budget, every request submitted by Department Directors and Elected Officials for expansion of programs, services and positions or other requests has been listed for the reader on Attachments 1-3 as follows:

Attachment 1 – FY 2010-11 Expansion Budget Requests - Other Expenditures

Attachment 2 – FY 2010-11 Expansion Budget Requests - New Positions and Upgrades

Attachment 3 – FY 2010-11 Expansion Budget Requests - Special Appropriations

The County Manager's recommendation for funding is outlined on these Attachments. Detailed support for these requests can be found in the fiscal year 2010-11 Budget Requests notebook under the appropriate section listed by department or agency.

The total of all County-funded expansion requests submitted for consideration in the General Fund amounted to \$12,174,712 and represented, for the most part, efforts to improve and expand services and benefits to the citizens of our County; however, funds are not available to provide for all the requests unless the Board elects to substantially increase the current property tax rate. The total recommended expenditures in the Expansion Budget equal \$160,244.

The following is a summary of the major items addressed in the recommended Expansion Budget.

Employee Cost-of-Living Adjustment

Due to economic conditions, I have recommended no COLA increase for 2010-11.

Employee Merit Pay Plan and Resolution of Salary Compression

I have not included a merit appropriation in the recommended Expansion Budget for fiscal year 2010-11 because of the weak economic conditions experienced during the past 18 months. I don't envision a significant change in the near future.

Employee Medical Insurance Program

Under the County's medical insurance program, the County maintains health insurance for its employees using a combination of self-insurance and supplemental coverage for major medical events. During the current fiscal year, the County's plan provided for a contribution of \$705 per month per employee, along with a contribution from any employee wishing to insure family members. To date, we have experienced average claims. I am recommending a decrease in the monthly contribution to \$670 per month per employee, or a 5% decrease.

Capital Improvements

The following capital improvements have been included in the Expansion Budget:

- a. \$103,000 for an elevator upgrade
- b. \$16,000 for equipment for the current Detention Center to assist with meals in the new Satellite Jail
- c. \$12,000 for radio equipment at the City of Salisbury tower site

Rowan-Cabarrus Community College

I am recommending that the Board provide additional funding to Rowan-Cabarrus Community College. During the past several years, the College has been faced with the challenging effort of accommodating and providing education and training to an unprecedented number of adults in Rowan County. The College has requested the Board provide an increase in its current expense of \$1,338,605 and a \$3,623,870 increase in its capital outlay expense.

I am recommending a current expense increase of \$150,000, or approximately 8%, to meet new enrollment demands. I have recommended no increase in capital outlay.

ROWAN COUNTY**Fund 101 – General Fund****For the Fiscal Year 2010-11**

Proposed New Positions

During this year's budget preparation process, Department Directors and Elected Officials submitted 28 new position requests for consideration. Attachment 2 provides a listing of each request and the estimated costs.

I am proposing that the Board add one new position funded 100% with State grant funds at the Health Department.

Special Appropriations to Non-County Agencies

Annually, many agencies and non-profit groups request funds from Rowan County to operate their services. These special grants and appropriations are made on an annual basis with consideration to continue the funding. A complete listing of the requests can be found on Attachment 3. A total of \$142,023 in expansion requests was submitted for consideration. My recommended budget includes a 5% decrease for some entities and a \$1,500 increase for the Rowan County Chamber of Commerce, resulting in a net reduction of \$2,111.

Public Schools

I am recommending no increase in the County's appropriation to the School Systems for current expense in fiscal year 2010-11. The formula used to calculate this recommended appropriation is based on \$1,565 per student multiplied by the estimated 2010-11 student population.

According to state published estimates for average daily memberships, it is projected that the Rowan-Salisbury Schools will operate in fiscal year 2010-11 with 121 fewer students than it did in the current year.

Proposed current expense funding for the School Systems is detailed below:

<u>School System</u>	<u>Current Year Funding FY 2009-10</u>	<u>Proposed Increase (Decrease) in Continuation Budget</u>	<u>Proposed Increase in Expansion Budget for FY 2010-11</u>	<u>Total Proposed Funding for FY 2010-11</u>
Rowan-Salisbury Schools	\$ 32,285,950	\$ (189,365)	\$ -0-	\$ 32,096,585
Kannapolis City Schools	1,748,105	187,800	-0-	1,935,905
Charter Schools	<u>125,200</u>	<u>(9,390)</u>	<u>-0-</u>	<u>115,810</u>
Total Current Expense	<u>\$ 34,159,255</u>	<u>\$ (10,955)</u>	<u>\$ -0-</u>	<u>\$ 34,148,300</u>

ROWAN COUNTY**Fund 101 – General Fund****For the Fiscal Year 2010-11**

Important Note: The annual appropriation made to the School Systems for classroom teachers' supplies or as a separate education appropriation is not part of the current expense funding reflected above and has been continued in the Continuation Budget.

Special Appropriation

For the past several years, the Board of County Commissioners has appropriated a sum of County funds for the purpose of providing supplies and materials to classroom teachers or as a separate education appropriation. The appropriation made by the Board has been in the amount of \$375,000 to Rowan-Salisbury Schools, with a comparable amount to the other two school units based upon average daily membership (ADM). I have included the funds for this appropriation in the Continuation Budget. In the current fiscal year, the three units administered this program and I am recommending no operational changes for fiscal year 2010-11.

Capital Outlay

The Board has routinely appropriated the proceeds from the restricted portions of the local option sales taxes to the public schools for use in capital outlay and technology. It is anticipated that the following amounts will be received and eligible for distribution in fiscal year 2010-11:

	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>Difference</u>
Estimated Revenue from Article 40 Restricted	\$ 1,480,000	\$ 1,248,000	\$ (232,000)
Estimated Revenue from Article 42 Restricted	<u>2,940,000</u>	<u>2,496,000</u>	<u>(444,000)</u>
	4,420,000	3,744,000	(676,000)
Deduct: Principal Payment for Bonds	(2,315,000)	(2,270,000)	45,000
Deduct: Sales Tax Reserve	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Sales Tax Appropriation for Capital Outlay	<u>\$ 1,905,000</u>	<u>\$ 1,274,000</u>	<u>\$ (631,000)</u>

The proposed appropriation for capital outlay, utilizing the restricted portion of the local option sales taxes based on the projected ADM for fiscal year 2010-11, is as follows:

Rowan-Salisbury Schools	\$ 1,201,530
Kannapolis City Schools	<u>72,470</u>
Total Appropriation for FY 2010-11	<u>\$ 1,274,000</u>

V. CAPITAL PROJECTS TO BE CONSIDERED IN FUTURE BUDGETS

New Satellite Jail

With the passage of the new ¼ cent sales tax in November 2009, plans have been developed for a new Satellite Jail to be located on County property off Highway 29 South. A revised budget of \$6.7 million has been approved by the Rowan County Board of Commissioners, and construction bids are expected to be let in September 2010. Upon review and approval, construction should take approximately 18 months, with completion in April 2012. The estimated 2010-11 debt payment of \$930,000 will be paid from the proceeds of the new sales tax to begin collection in July 2010.

Communications Equipment

With the passage of the new ¼ cent sales tax in November 2009, a feasibility study is underway to identify the various communication needs of the emergency service agencies throughout Rowan County. The estimated cost of the project is \$12 million, but staff is working to identify ways to co-locate equipment in order to save funds. The project is to be completed in 2012, with all radio equipment converted from analog to digital signal. The average annual debt payment of approximately \$1.4 million will be paid from the proceeds of the new sales tax.

VI. CONCLUSIONS

Schools

For this fiscal year, I wanted to look at six counties in our geographic region with similar economic characteristics to Rowan County. Of the six counties, only Cabarrus County funded its school systems at a higher per pupil rate than Rowan County. The comparison results were as follows:

	<u>2008 Funding</u>	<u>Rank</u>	<u>2009 Funding</u>
Cabarrus County	\$ 1,627	36 th	Increased .25%
Rowan County	1,565	42 nd	No change
Iredell County	1,555	43 rd	Decreased 3.8%
Alamance County	1,512	46 th	Increased 2.3%
Catawba County	1,439	54 th	Decreased 1.06%
Davidson County	1,061	87 th	Increased 1.25%
Randolph County	1,031	88 th	No change

After making the 2009 funding adjustments, Rowan County still only trails Cabarrus County in funding public schools.

My observations from this county comparison are as follows:

1. Rowan County is competitive with our surrounding counties.
2. “State average” funding should not serve as the only indicator in judging Rowan County’s support of schools.
3. Counties cannot continually cover the School Systems’ revenue shortfalls due to reduced State funding in a no-growth economy.

The Impact of the 2010-11 Budget on the 2011-12 Budget

During the 2008-09 fiscal year, the County experienced a significant decline in revenues. The County did not overreact by cutting public services; instead, the Board of Commissioners and the Manager began the process of cutting expenditures and using reserve funds to maintain services.

The County’s unreserved, undesignated fund balance at the end of the 2008-09 year was \$22 million, or 17% of expenditures and transfers out. During the 2009-10 year, the County will use approximately \$1.5 million of these reserves to maintain County services at current levels. In the proposed 2010-11 budget year, we can expect to use another \$3.0 million to continue funding programs at customary levels. Should the Board of Commissioner’s approve an appropriation this year to the school systems of an additional \$1.5 million, it too will have to come from reserves, although previously designated funds could have their designation removed by Board action.

Assuming these scenarios come true, the County will have obligated \$6.0 million of reserves over a two-year period. This financial obligation will lower the unreserved, undesignated fund balance from \$22 million to \$17.5 million or \$16.0 million. In the 2011-12 budget, the County will need to begin cutting programs and services, and/or raise taxes, in order to pay for the basics of welfare, public safety and school funding to avoid taking reserves too low. In retrospect, it has been a blessing to be able to rely on our reserves for the past two years in maintaining a high service level.

ROWAN COUNTY								ATTACHMENT 1
FY 2010-11 EXPANSION BUDGET REQUESTS WITH MANAGER'S RECOMMENDATIONS								
OTHER EXPENDITURES								
Department	Line Item	Proposed Expansion	Source of Funding			County	Manager's Recommendation	
			Federal/State	Other	Sources			
4112 - General Government	Decrease in health insurance costs due to new contracts and increase in deductibles	\$ (350,000)	\$ (31,500)	\$ -	\$ -	(318,500)	\$ (318,500)	
4131 - Human Resources	Laptop with software, projector and replacement bulb	3,850	-	-	-	3,850	3,850	
	Improvement to County Buildings:							
	Modernization of elevator at Administration Building	103,000	-	-	-	103,000	103,000	
4134 - Facilities Management	Additional HVAC system at 402 North Main Street Building	60,000	-	-	-	60,000	-	
	Rowan Museum exterior repairs	150,000	-	-	-	150,000	-	
	Replacement of roof on Building #2 at Fairgrounds (101-6250-452-72-00)	12,000	-	-	-	12,000	-	
4210 - Information Systems	Finance and Human Resources replacement software (\$1,000,000 - finance over 5 years)	238,000	-	-	-	238,000	-	
4371 - EMS	Disaster trailer with supplies	8,000	-	-	-	8,000	-	
4371 - EMS	Maternal and neonatal teaching model	12,995	-	-	-	12,995	-	
	Induced hypothermia protocol:							
4371 - EMS	(14) SureTemp 690 Thermometer temperature monitoring units (\$500.00 each)	7,000	-	-	-	7,000	-	
	(11) SureLife Transport Cooler units (\$575.00 each)	6,325	-	-	-	6,325	-	
4371 - EMS	Second West EMS Station - Temporary structure, ambulance, medical equipment	239,500	-	-	-	239,500	-	
4371 - EMS	Third Salisbury ambulance and medical equipment	186,000	-	-	-	186,000	-	
4410 - Sheriff	(1) Stainless steel work table	1,200	-	-	-	1,200	1,200	
4410 - Sheriff	(1) Utility stainless steel sink model	1,700	-	-	-	1,700	1,700	
4410 - Sheriff	Special legal counsel	18,000	-	-	-	18,000	-	
4420 - Sheriff - Detention	(1) Electric Combi-Oven Model #269083 Hybrid Convection Steamer	16,000	-	-	-	16,000	16,000	
4430 - Sheriff - Courthouse	Wireless Duress Alarm System for Courtrooms #5 and #6	800	-	-	-	800	800	
4430 - Sheriff - Courthouse	Expansion of video arraignment/closed circuit system for Courtroom #3	33,500	-	-	-	33,500	-	
4610 - Telecommunications	Upgrade at City radio tower site	12,000	-	-	-	12,000	12,000	
4610 - Telecommunications	Begin replacement of existing IP telephones (50 phones)	20,000	-	-	-	20,000	-	
4610 - Telecommunications	(2) Replace radio consoles for mobile command bus	20,000	-	-	-	20,000	-	
4610 - Telecommunications	(5) Replace laptop computers for mobile command bus	7,500	-	-	-	7,500	7,500	
4610 - Telecommunications	(1) Replace DVD recorder at 911 Center	1,500	-	-	-	1,500	1,500	
5420 - Social Services	Board payments for children placed in DSS custody who are not eligible for Title IV-E (mandatory)	222,476	89,904	-	-	132,572	132,572	
5425 - Social Services	Board payments for children placed in DSS custody who are eligible for Title IV-E (mandatory)	150,244	112,950	-	-	37,294	37,294	
5430 - Social Services	County share of payments to assisted living facilities (mandatory)	87	-	-	-	87	87	
5435 - Social Services	Assistance for heating and cooling emergencies funded by State from Piedmont Natural Gas donations	1,500	1,500	-	-	-	YES	
5310 - Social Services	Electronic Document Management System for Adult Medicaid program, at a cost of \$161,091 (\$22,991 in revenue will be received in FY 2011, rest through FY 2016)	161,091	22,991	-	-	138,100	-	
5320 - Social Services	M Facilitation, Inc. to conduct child and family team meetings	10,800	5,400	-	-	5,400	-	
5310 - Social Services	(3) Laptop computers	4,800	2,448	-	-	2,352	2,352	
6110 - Library	Service and maintenance for snow removal and contract mowing at Main and South Branches	11,000	-	-	-	11,000	11,000	
6110 - Library	Architectural fees for West Rowan Branch	49,000	-	-	-	49,000	-	
6230 - Parks	Replace putt-putt course	226,000	-	-	-	226,000	-	

ROWAN COUNTY										ATTACHMENT 1
FY 2010-11 EXPANSION BUDGET REQUESTS WITH MANAGER'S RECOMMENDATIONS										
OTHER EXPENDITURES										

**SUBMISSION OF
PROPOSED ANNUAL BUDGET
TO THE
ROWAN COUNTY
BOARD OF COMMISSIONERS**



**Fiscal Year 2010-11
Fund 201 – Fire District Fund**

Gary L. Page, County Manager

May 17, 2010

ROWAN COUNTY**Fund 201 – Fire District Fund****For the Fiscal Year 2010-11**

The Fire District Fund was established by the Board of Commissioners to account for fire and special service district taxes levied by the Board for the purpose of providing fire services to the unincorporated areas of Rowan County. For fiscal year 2010-11, the County received budget requests from 23 fire and service districts. None proposed tax rate increases.

Upon review of the documentation supporting these requests, it is apparent that the districts are trying to ensure that fire-fighting services can be adequately and safely provided to their residents. The requests have been reviewed by the duly appointed Fire Commissioners and fall within the range of tax rates previously approved by the Board (3.5 cents - 7.0 cents).

I. ESTIMATED AVAILABLE REVENUES FOR 2010-11

It is estimated that Rowan County will receive the following revenues to be recorded in Fund 201 for fiscal year 2010-11:

Ad valorem taxes	<u>\$ 3,673,260</u>
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A worksheet is provided that details estimated property tax valuation, proposed tax rate and proposed tax levy for each fire district for fiscal year 2010-11. (Attachment 1)

II. CONTINUATION EXPENDITURE BUDGET FOR 2010-11

The Fund will support the following expenditures:

Public safety:	
Fire Districts	<u>\$ 3,673,260</u>

**ROWAN COUNTY
FIRE DISTRICT BUDGETS**

ATTACHMENT 1

For Fiscal Year Ending June 30, 2011 (FY 2010-11)

Fire District	District No.	FY 2009-2010			FY 2010-2011		
		Estimated Valuation per County Assessor	Proposed Tax Rate	Proposed Tax Levy	Estimated Valuation per County Assessor	Proposed Tax Rate	Proposed Tax Levy
Atwell Township	124	\$ 575,000,000	0.0550	\$ 303,600	\$ 590,000,000	0.0550	\$ 308,275
Bostian Heights	125	772,000,000	0.0600	444,672	764,000,000	0.0600	435,480
Cleveland Community	123	487,500,000	0.0600	280,800	437,000,000	0.0600	249,090
East Gold Hill	128	127,000,000	0.0600	73,152	127,000,000	0.0600	72,390
East Landis	138	9,700,000	0.0420	3,911	25,000,000	0.0420	9,975
East Rowan Service:	137						
East Gold Hill - 15%		3,975,000	0.0500	1,908	3,900,000	0.0500	1,852
Pooletown - 85%		22,525,000	0.0500	10,812	22,100,000	0.0500	10,498
Ellis Cross Country	118	162,000,000	0.0500	77,760	159,000,000	0.0500	75,525
Enochville	111	300,900,000	0.0600	173,318	295,500,000	0.0600	168,435
Franklin Township	119	354,000,000	0.0500	169,920	352,000,000	0.0500	167,200
Liberty (West)	127	391,400,000	0.0500	187,872	388,500,000	0.0500	184,538
Locke Township	126	919,200,000	0.0500	441,215	917,000,000	0.0500	435,575
Miller Ferry	115	256,000,000	0.0600	147,456	385,000,000	0.0600	219,450
Mt. Mitchell	117	131,400,000	0.0526	66,352	115,000,000	0.0526	57,466
Poole Town	114	108,000,000	0.0500	51,840	108,000,000	0.0500	51,300
Richfield-Misenheimer	135	10,200,000	0.0700	6,854	10,400,000	0.0700	6,916
Rockwell Rural	113	565,000,000	0.0700	379,680	572,000,000	0.0700	380,380
Rowan Iredell	134	52,700,000	0.0600	30,355	52,000,000	0.0600	29,640
Scotch Irish	130	115,500,000	0.0400	44,352	113,000,000	0.0400	42,940
South Rowan Service:	136						
Bostian Heights - 4%		1,616,000	0.0480	745	1,560,000	0.0480	711
China Grove - 65%		26,260,000	0.0480	12,100	25,350,000	0.0480	11,560
Mt. Mitchell - 31%		12,524,000	0.0480	5,771	12,090,000	0.0480	5,512
South Salisbury	112	322,100,000	0.0700	216,451	360,000,000	0.0700	239,400
Union	116	351,700,000	0.0350	118,171	347,000,000	0.0350	115,377
West Rowan	139	350,000,000	0.0550	184,800	342,000,000	0.0550	178,695
Woodleaf	129	556,500,000	0.0400	213,696	566,000,000	0.0400	215,080
		<u>\$ 6,984,700,000</u>		<u>\$ 3,647,563</u>	<u>\$ 7,090,400,000</u>		<u>\$ 3,673,260</u>

**SUBMISSION OF
PROPOSED ANNUAL BUDGET
TO THE
ROWAN COUNTY
BOARD OF COMMISSIONERS**



Fiscal Year 2010-11

Fund 202 – Emergency Telephone System Fund

Gary L. Page, County Manager

May 17, 2010

ROWAN COUNTY**Fund 202 – Emergency Telephone System Fund****For the Fiscal Year 2010-11**

The Emergency Telephone System Fund was established in accordance with North Carolina General Statutes that provided counties with the opportunity to secure funding from telephone ratepayers to support the cost of an emergency 911 telecommunications response system. The Statutes required any surcharge authorized by the Board of Commissioners to be accounted for in a separate Fund. For the period July 1, 1997 through December 31, 2007, the Board of Commissioners established a 65 cents per month fee on all telephone landlines for the purpose of providing emergency 911 dispatching and related services.

In May 1999, the North Carolina General Assembly authorized the “Wireless Telephone Surcharge Fund”, which included the provision that mobile telephone providers must develop technology to identify the location of mobile telephone users in the event of a call for emergency assistance. It also provided revenues to local governments who operate emergency 911 response services for the development of technological capabilities to receive and process location information. Since its inception, the statewide wireless fee has been set at 70 cents per month.

Effective January 1, 2008, House Bill 1755 preempted local authority to set an emergency 911 landline fee and substituted a statewide rate of 70 cents on all voice communications service connections, including landline, wireless and voice over internet protocol (VoIP). It is believed that the 70 cents charge will generate sufficient revenues to hold the County harmless for any revenue loss associated with eliminating the local landline fee. The County receives monthly distributions of combined landline, wireless and VoIP fees from the State. The fees are overseen by the North Carolina 911 Board.

I. ESTIMATED AVAILABLE REVENUES FOR 2010-11

It is estimated that Rowan County will receive the following revenues to be used in Fund 202 for fiscal year 2010-11:

Emergency 911 fees	\$ 740,000
Investment earnings	<u>900</u>
Total estimated revenues	<u>\$ 740,900</u>

II. CONTINUATION EXPENDITURE BUDGET FOR 2010-11

The Emergency Telephone System Fund supports the operations of the emergency 911 telecommunications response system. For fiscal year 2010-11, major expenditures will include the cost of emergency 911 telephone services paid to telephone companies, personnel costs and maintenance contracts. To balance the Fund, a reserve in the amount of \$369,210 was established.

The Fund will support the following expenditures:

Public safety:	
Emergency 911 program	<u>\$ 740,900</u>

**SUBMISSION OF
PROPOSED ANNUAL BUDGET
TO THE
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BOARD OF COMMISSIONERS**



**Fiscal Year 2010-11
Fund 501 – Risk Management Fund**

Gary L. Page, County Manager

May 17, 2010

ROWAN COUNTY**Fund 501 – Risk Management Fund****For the Fiscal Year 2010-11**

On July 1, 1992, the Board of Commissioners approved a plan to operate the County's workers' compensation program as a self-insured entity. Under the plan, premiums charged to each department are set aside in a separate Fund as opposed to being remitted to an insurance company. Actual claims are handled internally and deducted from the actual cash in the Fund. Specific stop-loss insurance is obtained to protect the County against a catastrophic accident. The plan to self-insure the County for workers' compensation was developed as a means of controlling the County's costs.

On July 1, 1998, the Board approved the establishment of a partnership with Cabarrus County to form a risk management self-retention program in an effort to better control the cost of insurance in the areas of professional liability, general liability, property and vehicles. The concept of Carolina Governmental Alliance is much the same as the County's workers' compensation program, with the exception that a pooling of resources allows a more efficient method for purchasing "umbrella" policies to cover the County in case of a major event.

It is recommended that the County continue its membership in the Alliance with Cabarrus County. The ultimate objective of the Alliance is to increase membership by adding comparable counties so that purchasing power for insurance is beneficial to all members and costs are reduced, and so that the County may become independent from the need to purchase insurance.

I. ESTIMATED AVAILABLE REVENUES FOR 2010-11

It is estimated that the County will transfer \$887,000 for workers' compensation premiums from the General Fund and Landfill Fund to the Risk Management Fund. These premiums are reflected as charges in individual department budgets. Transfers are made bi-weekly to reflect the expenses. Premiums are primarily based on rates assigned by insurance rating companies to various classifications of employees in accordance with the relative risk of the jobs. These rates are revised annually, based on occurrence history and costs of medical care.

It is recommended that \$625,000 be transferred from the General Fund for professional and property liability insurance to be purchased through Carolina Governmental Alliance, for the payment of claims, and for the maintenance of reserves.

The estimated revenues for Fund 501 for fiscal year 2010-11 are as follows:

Charges for services	\$ 887,000
Investment earnings	10,200
Transfer from other funds	<u>625,000</u>
Total estimated revenues	<u>\$ 1,522,200</u>

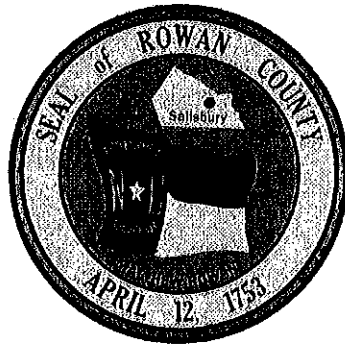
ROWAN COUNTY**Fund 501 – Risk Management Fund****For the Fiscal Year 2010-11**

II. CONTINUATION EXPENDITURE BUDGET FOR 2010-11

For fiscal year 2010-11, it is estimated that the risk management programs will support the claims incurred by employees injured while working on the job and other professional and property liability claims. Adequate reserves will be available to address major incidents. In addition, insurance to provide stop loss maximums will be acquired.

Administration	\$ 124,298
Professional and property liability	608,000
Workers' compensation	<u>789,902</u>
Total estimated expenditures	<u>\$ 1,522,200</u>

**SUBMISSION OF
PROPOSED ANNUAL BUDGET
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**Fiscal Year 2010-11
Fund 601 – Landfill Fund**

Gary L. Page, County Manager

May 17, 2010

ROWAN COUNTY**Fund 601 – Landfill Fund****For the Fiscal Year 2010-11**

During fiscal year 1989-90, Rowan County opened the Rowan County Landfill for the disposal of solid waste by County citizens. Two types of cells were created, one for municipal solid waste and one for construction and demolition (C&D) debris. Effective July 1, 2008, due to requirements contained in Senate Bills 6 and 1492, the County ceased operation of the C&D debris cell. All waste taken to the Landfill is now disposed of in the municipal solid waste cell at fees of \$32 per ton and \$37 per ton for in-County and out-of-County waste, respectively.

Also effective July 1, 2008, the North Carolina General Assembly enacted a \$2 per ton statewide “tipping tax”. The proceeds of the excise tax were first used to pay entities that had incurred expenditures, but were denied landfill permits due to passage of the new law. The remaining proceeds of the tax will be distributed as follows: 50% to the Inactive Hazardous Sites Cleanup Fund to help pay for assessment and remediation of pre-1983 landfills, 18.75% to both cities and counties on a per capita basis for solid waste management programs and services, and 12.5% to the Solid Waste Management Trust Fund for grants to local governments and State agencies. For fiscal year 2010-11, it is estimated that the County will collect and remit \$265,000 to the State for this tax and receive \$62,000 to supplement solid waste programs and services.

I. ESTIMATED AVAILABLE REVENUES FOR 2010-11

It is estimated that the Board can expect to realize and collect from its various sources based on past collections, and forecasting future availability, approximately \$5,122,000 for fiscal year 2010-11. This amount includes several significant areas:

Charges for services	\$ 4,730,000
Scrap tire and white goods disposal tax	180,000
Solid waste disposal tax	62,000
Investment earnings	<u>150,000</u>
Total estimated revenues	<u>\$ 5,122,000</u>

II. CONTINUATION EXPENDITURE BUDGET FOR 2010-11

For fiscal year 2010-11, the Landfill Fund will continue to support the disposal of solid waste in Rowan County primarily through the use of tipping fees. It is estimated that the following program operations will be provided:

Administration	\$ 226,882
Landfill operations	3,633,105
Recycling operations	594,723
Sanitation	<u>667,290</u>
Total estimated expenditures	<u>\$ 5,122,000</u>

Landfill operations will remain the same for 2010-11. We propose to continue replacing older dirt-moving equipment and have recommended \$546,100 in capital outlay. This equipment will continue our ability to maximize efficiency and extend the life of the current Landfill cell.

We have begun the planning for new cell #4 and have budgeted \$375,000 for professional services and obtaining permits for construction in the summer of 2011.

**SUBMISSION OF
PROPOSED ANNUAL BUDGET
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**Fiscal Year 2010-11
Fund 602 – Sports Authority Fund**

Gary L. Page, County Manager

May 17, 2010

ROWAN COUNTY**Fund 602 – Sports Authority Fund****For the Fiscal Year 2010-11**

The Sports Authority Fund was established by joint resolution of the Board of County Commissioners and the Kannapolis City Council in an effort to oversee and operate Fieldcrest Cannon Stadium. The primary objectives of the Consortium are to provide recreation and entertainment to the area's citizens, while generating revenues for Stadium operations. Rowan County is the principal equity owner of the Stadium, with an approximate 75% share. The City of Kannapolis owns the remaining 25%. Rowan County has been the primary custodian of the Stadium, grounds and other support facilities; maintains the accounting records; and reports the annual activity to all parties.

I. ESTIMATED AVAILABLE REVENUES FOR 2010-11

It is estimated that the Consortium can expect to realize and collect the following revenues:

Charges for services	\$ 112,000
Investment earnings	500
Appropriated fund balance	<u>50,000</u>
Total estimated revenues	<u>\$ 162,500</u>

II. CONTINUATION EXPENDITURE BUDGET FOR 2010-11

The objective of the expenditure budget is to provide for the minimum operations and maintenance of the Stadium while retaining the remaining amount (if any) for the principle equity holders, Rowan County and the City of Kannapolis. The expenditure budget provides for payment of utilities and normal maintenance and repairs to sustain the integrity of the professional playing field, Stadium and support facilities. Debt service for the initial \$3.0 million installment loan was retired over a ten-year period, ending in fiscal year 2004-05. However, in accordance with the original agreement between the City of Kannapolis and Rowan County, the City agreed to repay the County (guarantor of the loan) its share of \$1.5 million plus interest over a fifteen-year period. The City made its last payment during the 2009-10 fiscal year.

The Fund will support the following expenditures:

Sports Authority operations	<u>\$ 162,500</u>
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**SUBMISSION OF
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**Fiscal Year 2010-11
Fund 603 – Airport Fund**

Gary L. Page, County Manager

May 17, 2010

ROWAN COUNTY**Fund 603 – Airport Fund****For the Fiscal Year 2010-11**

Effective July 1, 2007, Rowan County began accounting for airport grants and operations in Fund 603, the Airport Fund. This Fund is an enterprise fund, indicating that grant funds and charges for services should support operations and capital improvements. Although these two revenue streams are not expected to cover anticipated expenditures during fiscal year 2010-11, the Airport Fund has sufficient fund balance that may be appropriated to present a balanced budget.

I. ESTIMATED AVAILABLE REVENUES FOR 2010-11

It is estimated that the Airport can expect to realize and collect the following revenues:

State grants	\$ 1,163,509
Charges for services	1,132,700
Appropriated fund balance	<u>157,749</u>
Total estimated revenues	<u>\$ 2,453,958</u>

II. CONTINUATION EXPENDITURE BUDGET FOR 2010-11

The objective of the continuation expenditure budget is to provide for the operations and maintenance of the Airport. Included in this budget is funding for projects to be approved by the Board, including land acquisition, a Ramp Rehabilitation Project and other improvements. The County is required to match State funding by 10% for these projects. Also, I have recommended privatizing airplane maintenance. Since the County assumed operations of the Airport, our staff has performed maintenance on private aircraft. This service has required maintaining an inventory of supplies, billing for work and the collection of payment. In addition, the County has been required to provide liability coverage for insurance against any claims. By privatizing, the County will allow this service and overhead expense to be provided by the private sector. These associated costs have been omitted from the recommended budget.

The balance of the budget is for the general operations of the Airport. As in all the continuation budgets, minimum adjustments are made based on historical cost and anticipated inflationary cost.

The Fund will support the following expenditures:

Airport grant projects	\$ 1,255,244
Airport operations	<u>1,198,714</u>
Total estimated expenditures	<u>\$ 2,453,958</u>